

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 629 - HB 893

February 28, 2011

SUMMARY OF BILL: Authorizes a manufacturer of alcoholic beverages to obtain a license from the Alcoholic Beverage Commission (ABC), regardless of the residency or domicile of the manufacturer or facility owner, to sell alcoholic beverages for on-premises consumption. Restricts the license to the manufacturer's licensed premises, which must be located in a jurisdiction that has authorized alcoholic beverage sales, and to alcoholic beverages manufactured or distilled by the manufacturer.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue – \$6,000/One-Time/ABC Fund
\$3,000/Recurring/ABC Fund
Not Significant/Recurring/General Fund**
Increase State Expenditures – Not Significant

Increase Local Revenue – Exceeds \$3,000/Recurring/Permissive
Increase Local Expenditures – Not Significant

Assumptions:

- According to the ABC, there are 46 manufacturers and distillers licensed statewide.
- Based on the information provided by ABC, approximately 20 of the current ABC licensed manufacturers and distillers will obtain a liquor-by-the-drink license.
- There is a \$300 initial license application fee and a \$150 minimum annual renewal fee to the State ABC Fund resulting in a one-time increase to state revenue of \$6,000 (\$300 x 20), and a recurring increase to state revenue of \$3,000 (\$150 x 20).
- No additional personnel or resources will be required by the ABC.
- Local privilege tax is at least \$150 annually resulting in an increase to local government revenue that exceeds \$3,000 (\$150 x 20). Any increase in local government expenditures for collecting local privilege taxes is estimated to be not significant.

- Entities will be assessed state and local sales taxes on alcoholic beverage sales, a 15 percent liquor-by-the-drink tax on each alcoholic beverage sold, and any applicable county or city privilege tax. These tax collections will not have a significant state or local fiscal impact.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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